Gulf Coast Workforce Board

Workforce Report Card

A measure of progress comparing the Gulf Coast's economy and labor market against those of similar metropolitan regions in the United States.

FOR SEMESTER ENDING: October 2007

Workforce Report Card

Metropolitan Statistical Area (MSA)	Industries and Employers	Labor Force and Knowledge Jobs	Market Alignment	Education	Income, Wealth and Poverty	Places To Live and Work
Denver	B	B	A	A	A	B
San Diego	A	B	A	A	A	C
Atlanta	B	A	B	A	B	B
Dallas/Fort Worth	B	B	A	C	B	B
Houston/Gulf Coast	B	B	B	C	B	B
San Antonio	C	B	B	C	B	B
Miami	C	B	B	C	C	C

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WORKFORCE REPORT CARD 21-23

EXECUTIVE SUMMARY

The Gulf Coast Workforce Board's strategic plan calls for the Texas Gulf Coast region, including and surrounding Houston, Texas to be one of the ten most economically competitive regions in the world. Our region has many markings of a world-class economic powerhouse. It is a thriving region with a wide variety of industries; a labor force of over 3.1 million workers; and numerous economic assets such as transportation infrastructure, corporate headquarters, the Texas Medical Center and numerous colleges and universities.

Although Gulf Coast residents are rightfully proud of the region, there are a number of other economic regions that appear equally successful. The purpose of the Gulf Coast Workforce Report Card is to use publicly available data to compare the Gulf Coast region to those U.S. regions most frequently cited as our competitors — the thriving Sunbelt metropolitan regions.

This year's report card, like those in prior years, groups indicators in several key areas that include Industries and Employers, Labor Force and Knowledge Jobs, Market Alignment, Education, Income, Wealth, and Poverty, and Places to Work and Live.

The report card confirms our region has many strengths that include a varied economic base, a strong economy adding jobs, a diverse workforce and a low cost of living.

The report card also indicates, however, that our region needs to make some key investments in the region's economic future. The area most in need of smart investments is our education infrastructure. Simply put, our public education system is not graduating enough youths from high schools. A large portion of the money we spend per student is spent inefficiently because it does not produce high school graduates ready to pursue advanced education or to join the workforce. This low return on our investment is compounded by the fact that our region spends relatively little on each student. Places such as the San Diego region invested more per student and appear to have a higher percentage of students graduating.

The Gulf Coast Workforce Board, as a result of last year's report card, has begun the work of identifying how the return on our education investment can be increased, and in particular, how we can improve the graduation rates in our region's high schools.

While education is the major area in which we must make investments, the report card points to other indicators the region should examine. We need more resources to capitalize on innovations developed in our research institutions. This year, we added for the first time an indicator of venture capital investment, and were surprised to find that our region lags many of our competitor regions. While capital investment is not an area of expertise for the Board, the Board urges others in our community to take on this issue.

The report card also points to the opportunity to make Houston a more attractive place to live and work. Although housing costs in the region are low, commutes in the region are relatively long. Air quality is also an area of concern. Both transportation and air quality are issues that come with continued growth. Since the Houston region is among the fastest growing in the nation, our leaders must continue work to ensure that mobility and air quality do not become impediments to the region's competitiveness.

HOUSTON AREA LEADERS MUST WORK TO ENSURE MOBILITY AND AIR QUALITY CONCERNS DO NOT IMPEDE THE REGION'S ECONOMIC COMPETITIVENESS.

INTRODUCTION

In 2005, the Gulf Coast Workforce Board released its first annual workforce report card comparing the state of its workforce system to that of other competitor Sunbelt cities. We are now proud to release the 2007 Workforce Report Card.

The report card provides a means of benchmarking the Board's work in making the Texas Gulf Coast region one of the most competitive in the world. It also serves as a complement to the Board's strategic plan which measures its progress in improving the workforce system within the Gulf Coast region.

The unit of analysis for the report card is the largest metropolitan statistical area (MSA) or consolidated metropolitan statistical area (CMSA) of which the central city is a part. The U.S. Office of Management and Budget (OMB) defines MSAs for purposes of collecting, tabulating, and publishing economic and demographic data. An MSA is a core area containing a substantial population nucleus together with adjacent communities having a high degree of social and economic integration with the central city. MSAs comprise one or more counties. The following MSAs and CMSAs are the report card comparison cities:

- Houston-Sugarland-Baytown, TX Consolidated Metropolitan Statistical Area
- Atlanta-Sandy Springs-Marietta, GA
- Dallas-Fort Worth-Arlington, TX
- Denver-Boulder-Greeley, CO
- Miami-Fort Lauderdale-Miami Beach, FL
- San Antonio, TX
- San Diego-Carlsbad-San Marcos, CA

As in previous years, we compiled data on a series of indicators for workforce and economic competitiveness in each region. These indicators fall into six areas:

- **Industries** — A key component of the strength of regional economies and labor markets is their industrial composition. Ideally, a local economy should have a strong mix of types of businesses offering a wide variety of jobs. A sign of economic health is growth in both the total number of businesses and the overall number of jobs they provide. Investment in new businesses is also an important component of a strong economy.

- **Labor Force and Knowledge Jobs** — The types of jobs residents hold, the relative participation of working-age people in the labor force, the age of the workforce, and the workforce diversity are all important indicators of the relative competitiveness of a region's labor market. The most competitive regions will have a strong share of knowledge jobs (high skill, high wage jobs), a diverse workforce, and a relatively high participation of adults in the workforce.

- **Market Alignment** — For labor markets to work, there must be general alignment between supply and demand for workers and their skills. This set of indicators seeks to measure that alignment by looking at growth alignment (is the size of the labor force keeping pace with job growth), occupational alignment (are the skills of the labor force keeping pace with the skill needs of employers), and alignment between those entering and leaving the working-age population (is the growth of new workers keeping pace with the number of people leaving the workforce).

- **Education** — The education and skills of the workforce are a critical element in a region's competitiveness. These indicators look at the educational attainment of the labor force, the number of people who do not speak English well, the number of youth who are neither in school or working, and the overall quality of the region's public education system.

- **Income, Wealth and Poverty** — Income and poverty indicators illustrate a region's success in competing successfully and highlight potential barriers to success for residents in the region. The report card looks at median income, median home value, poverty statistics, the number of families with single heads of household, and the relative share of families receiving public assistance.

- **Places to Live and Work** — A region's ability to compete is dependent on its ability to attract and keep a skilled workforce. In a society where the most in-demand workers can (and do) move in and out of regional economies frequently, regions that are most attractive as places to live hold an advantage. This set of indicators seeks to capture some of the elements that make a region an attractive place to live such as a low cost of living and reasonable commutes. The report card also includes indicators of each region's success in attracting workers, such as population growth, percentage of people moving into a new county in a given year and the appreciation of home values in the region. This year, we added an air quality indicator, an issue often discussed as an important factor in Houston's public perception.

We use the most current data available to develop the report card. Most of the data are for 2005, although the most recent data for some education indicators are from 2001–2002.

We assigned each region a letter grade for each group of indicators. In the following sections of the report, we explain the indicators in each category and describe the steps a region might take to improve its ranking in that area. The final section of this report provides concrete steps the Gulf Coast Workforce Board is taking to improve our region's grades.

THE REPORT CARD CATEGORIES

Industries and Employers

The industrial make up of a region is a critical component of a robust regional economy and labor market. Ideally, the local economy should have a strong mix of businesses offering a wide variety of high-skill and well-paying (knowledge) jobs. A sign of healthy markets is growth in both the total number of businesses and the overall number of jobs they provide.

Indicators:

- *Industrial Diversity 2006*[1]
- *Rate of Job Growth 1996–2006*
- *Total Job Growth1996–2006*[1]
- *Venture Capital Investment Per Capita, 2006*[3]
- *Percentage Growth in Business Establishments, 1998–2001*[2]

[1] *U.S. Department of Labor, Bureau of Labor Statistics Current Employment Statistics (CES) Survey*
[2] *U.S. Census Bureau*
[3] *Innovation Works analysis of data provided by the National Venture Capital Association, Thomson Financial, and PWC Money Tree*

Discussion

These indicators reflect the quality of a region's business climate. While the term "favorable business climate" can be amorphous, it typically means the overall mix of taxes, infrastructure, and resources that compose an environment in which businesses can form and grow. Factors that create a favorable business climate include fiscally sound local governance, a competitive corporate tax structure, access to physical infrastructure (ports, airports, interstate highways) and business infrastructure (banks, small business development centers, etc.), incentives for businesses to start, relocate, or remain in the area, and general quality of life factors.

The Gulf Coast region continues to enjoy a business-friendly environment. The Port of Houston ranks first in the nation in volume of foreign tonnage and second in the nation in total tonnage. We have a critical mass of health care enterprises, a large representation of corporate headquarters and strong research institutions.

The Gulf Coast region does have, however, room for improvement in its business climate. In particular, the venture capital indicator highlights the need for continued investments in our business infrastructure. Our region needs to develop innovative sources of investment for business spin offs from our research institutions and the Texas Medical Center. We need to continue investing in our transportation infrastructure, including our airports. Perhaps most importantly, we need to make key investments in our region's human capital, a point addressed below in the discussion of education.

Improving the Grade
As part of its strategic plan, the Gulf Coast Workforce Board targets industries and companies that have the greatest potential for sustainable high job growth, now and in the future. The WorkSource staff works with these employers and industries to ensure their human resource needs are met. Currently, the targeted industries are, business services, communications, educational services, engineering and management services, health services and special trade contractors.

The Board works actively to support economic development organizations and bring a variety of high quality employers to the Gulf Coast region. The Board's strategic plan includes measures to help the Board judge its success in achieving its results.

THE BOARD WORKS ACTIVELY WITH ECONOMIC DEVELOPMENT ORGANIZATIONS TO HELP BRING EMPLOYERS TO THE GULF COAST REGION.

Labor Force and Knowledge Jobs
The types of jobs residents hold, the relative participation of working-age people in the labor force, the age of the workforce, and workforce diversity are all important indicators of the relative competitiveness of a region's labor market. The most competitive regions will have a strong share of knowledge jobs, a diverse workforce, and a relatively strong involvement of adults in the workforce.

Indicators:
- *Percentage of Managerial, Professional, and Technical Jobs 2005*[2]
- *Change in Unemployment Rate, 2005–2006*[1,2]
- *Current Unemployment Rate 2006*[1]
- *Percentage Not In Labor Force 2006*[1]
- *Simpson Diversity Index 2005*[3]
- *Percentage of Population that Is Foreign Born 2005*[2]

[1] *U.S. Department of Labor, Bureau of Labor Statistics Current Employment Statistics (CES) Survey*
[2] *U.S. Census Bureau American Community Survey*

[3] *Calculated from American Community Survey Using Simpson Diversity Index*

Discussion

Over a third of the Gulf Coast's jobs are considered "knowledge jobs". We are on par with the national average and below all but two of our competitor regions. The region's unemployment rate improved greatly over last year, although the overall unemployment rate for 2006 was slightly above the national average.

These negatives are offset by the region's diversity which can be a tremendous resource for the region. The Gulf Coast region is on a leading edge of what both global economies and the demographics of the United States will look like in the next generation. Simply put, the U.S. workforce in 2050 will likely look more like the Gulf Coast region now than any of the other regions studied. Regions that can take advantage of the variety found in cultures and languages within diverse communities have an advantage in a global economy. Houston is perceived by many of its residents as being a place where diversity is a positive attribute, and not a problem to be managed. People who work in our knowledge jobs tend to work in diverse workplaces, and, particularly in our fast-growing suburbs, live in diverse neighborhoods. Challenges remain, however, in taking advantage of diversity in the region. Minorities are still underrepresented in many knowledge jobs in our region, and many immigrants in our region, who are responsible for much of our diversity, are employed in the lowest rungs of our economy.

Improving the Grade

A region can improve its grade in the Labor and Knowledge Jobs area by growing, attracting, and retaining both employers offering knowledge jobs and individuals to fill those good jobs. The demand side of this equation involves economic development efforts that focus on those employers providing "knowledge jobs." The factors leading to a good business climate as reflected in the Industries and Employers data can take care of the "demand side" of good jobs.

While the Board strives to meet the needs of all employers, it targets the bulk of its resources to those industries and employers offering skilled, well-paying jobs to area residents. Services provided to these industries include working with groups of employers to address common workforce needs, including developing "supply chains" of skilled workers and capitalizing on technology and research.

The "supply" side involves having a skilled workforce to fill good jobs. To be a top tier economic region, the Gulf Coast needs highly skilled workers with a diverse range of skills, life experiences and cultural intelligence. Our region's diversity is a great storehouse of potential. To capitalize on that potential, we need to ensure all residents have access to educational opportunities that will prepare them to fill knowledge jobs.

Market Alignment

Healthy regional economies that work well for both employers and workers are fairly balanced between the supply of and demand for employees. There are several ways to look at market alignment. One way is to look at job growth and labor force growth. We measure the difference between the number of new jobs created and the number of new workers. A finer measure compares the difference between employer and worker-reported job titles. We use this as a measure of occupational alignment. A third way of measuring alignment, strictly from the supply side, involves comparing the number of younger people entering the working-age population to the number of older ones exiting that same population.

Indicators:

- *Balance Between Entry and Exiting Workforce, 2005*[2]
- *Median Age, 2005*[2]
- *Change in Age By Years, 2003–2005*[2]
- *Growth Alignment – Job Growth-Labor Force Growth 2006*[1]
- *Occupational Alignment, 2005*[12]

[1] *U.S. Department of Labor, Bureau of Labor Statistics Current Employment Statistics (CES) Survey*

[2] *U.S. Census Bureau, American Community Survey*

Discussion

In the Gulf Coast, the number of jobs created has exceeded the growth in the number of workers. This imbalance, however, may not be critical as the number of younger workers entering the workforce exceeded the number of older workers leaving it. There is relatively good alignment between job types and worker types.

Improving the Grade

To improve market alignment, the Gulf Coast region must concentrate on ensuring new and incumbent workers have or obtain skills that employers seek while creating new "knowledge" jobs to match the growth in the working age population.

The workforce board can provide a critical link in keeping the labor market aligned particularly in terms of balancing the demand for skilled workers and the supply of Gulf Coast residents ready to fill those jobs. Its capacity to provide information about the labor market is unique in the region. The Board successfully uses this knowledge to better align education production with employer demand to increase the overall workforce system's capacity to provide skilled workers, and to the improve quality and relevance of the

TO BE A TOP TIER ECONOMIC REGION, THE GULF COAST NEEDS HIGHLY SKILLED WORKERS WITH A DIVERSE RANGE OF SKILLS, LIFE EXPERIENCES AND CULTURAL INTELLIGENCE.

education workers receive. In the health care field, the Board's work has contributed to our region's continued preeminence and provided a wide range of opportunities to area residents.

Education

On the demand side of a regional economy, the most important element is the skill level of the workforce.

Indicators:

- *Educational Attainment, Bachelor's or Higher 2005*[1]
- *Educational Attainment, Assoc. or Higher 2005*[1]
- *Percentage Limited English Proficiency 2005*[1]
- *Percentage At Risk Youth 2005*[1]
- *Expenditure per Student, 2001–2002*[2]
- *Ratio of 9th Graders to 12th Graders, 2001–2002*[2]
- *National Assessment of Education Progress 4th Grade Reading Scores — Percentage reading at or above the "basic" level 2005*[2]

[1] *U.S. Census Bureau, American Community Survey*
[2] *National Center for Education Statistics*

Discussion

Educational levels are often used as a proxy for skill levels. The ability to speak and read English is also a measure of a skilled workforce. These indicators capture the quality of the output of the workforce development system and the current skill level of today's workforce.

Of equal concern is the quality of the educational system itself, which is a region's capacity to produce new skilled workers and improve the skill levels of current workers. Early childhood care and learning centers, public and private elementary and secondary schools, community colleges, proprietary schools, public and private universities, and faith-based and community-based organizations are all part of a region's educational infrastructure.

The Gulf Coast region has 79 independent school districts, 9 community college districts, several universities, and numerous career schools.

THE WORKFORCE BOARD CAN PROVIDE A CRITICAL LINK IN KEEPING THE LABOR MARKET ALIGNED PARTICULARLY IN TERMS OF BALANCING THE DEMAND FOR SKILLED WORKERS AND THE SUPPLY OF GULF COAST RESIDENTS READY TO FILL THOSE JOBS.

Improving the Grade

The Board believes improving the region's educational system is the single most important tool we have to improve our region's overall competitiveness. Improving the education system will enable us to attract and grow businesses, improve incomes, reduce poverty, improve market alignments, and enhance the perceived attractiveness of the

Texas Gulf Coast as a place to live and work.

In our region, about 58% of 9th graders graduate from high school. The Board believes that the success of students in graduating from high school can be enhanced greatly by the quality of their early learning experiences before entering kindergarten. Unfortunately, we are at a competitive disadvantage with other regions and other countries. The public independent school districts and public colleges and universities account for the vast majority of public investment in workforce readiness in our region and nation.

THE BOARD BELIEVES IMPROVING THE REGION'S EDUCATIONAL SYSTEM IS THE SINGLE MOST IMPORTANT TOOL WE HAVE TO IMPROVE OUR REGION'S OVERALL COMPETITIVENESS.

In response to concerns raised in previous report cards, the Board formed an Education Committee in 2006 and charged it with examining the region's educational infrastructure and how our community can improve it. In its first year, the committee studied the success of regional school districts in graduating students and heard the opinions of several experts on how to improve graduation rates. The Education Committee is identifying workable strategies that can be disseminated to develop schools to improve graduation rates. The committee is seeking those strategies that can help all residents, regardless of economic background, language spoken at home, or any other factor, succeed in school.

In addition, the Board and its Education Committee appreciate the Board has been unsuccessful in identifying indicators of quality of early childhood education that can be used across metropolitan regions for purposes of comparison. The Board urges researchers and associations to address this shortage of information which can lead regions to make better investments in children.

At the other end of the learning life cycle, the Board would like to be able to measure and address issues related to adult education, including basic education, GED preparation and English as Second Language instruction. Although we have been unable to identify good measures for comparison, the Board is concerned about the need for these educational services created by large numbers of students leaving public education without a high school diploma and the large number of people who have limited English proficiency.

Income, Wealth and Poverty

Income, wealth, and poverty levels show how well regional economies and labor markets work for residents of regions.

Indicators:

- *Median Household Income[1] 2005*
- *Median Home Value 2005[1]*
- *Percentage of Households with Single Female Parent 2005[1]*
- *Percentage of Families in Poverty 2005[1]*
- *Percentage of Households Receiving Public Assistance 2005[1]*

[1] *U.S. Census Bureau, American Community Survey*

Discussion

The Gulf Coast's median household income remains in the bottom half of our comparison group. Over 13% of Gulf Coast families live below the poverty line. These are indicators that the economy is not working well for many of the region's residents.

Improving the Grade

The indicators included in this section are a gauge of the region's success in meeting employers' needs and preparing residents for knowledge jobs. A region's ability to improve its income and wealth as well as reduce poverty levels is largely dependent on its success in attracting, growing and retaining employers with good jobs; developing the education and training infrastructure to provide residents with the skills employers want; and, ensuring all residents have an opportunity to develop those skills.

By working closely with the region's employers, the board can help improve the functioning of regional labor markets. This ensures better information about good jobs gets to workers and potential workers, adequate education and training is available to prepare residents for these jobs, and the overall employment rate increases — creating rising incomes for the region and its residents.

THE BOARD'S ROLE IN IMPROVING INCOME AND POVERTY FIGURES THEREFORE FLOWS FROM ITS ABILITY TO HELP NURTURE EMPLOYERS PROVIDING GOOD JOBS AND ITS ABILITY TO PREPARE WORKERS FOR THOSE JOBS.

Places to Live and Work

The general desirability of a region as a place to live has an indirect, but important effect on the region's competitiveness and health of its labor market. Simply put, regions that are perceived as being pleasant places to live have an advantage in attracting and retaining both the best employers and the best employees. There are any number of factors one can consider in evaluating the desirability of a place to live. Some, such as the perceived quality of the education system and availability of jobs, are addressed in other sections of this report card. Others, such as recreation opportunities, pleasantness of weather, and the quality of cultural institutions, are difficult to measure. This section concentrates on some others — the cost of living and housing, commuting, and a region's track record in recruiting new residents.

Indicators:

- *Monthly Home Ownership Costs 2005*[1]
- *Monthly Rental Housing Costs 2005*[1]
- *Home Value to Annual Income 2005*[1]
- *Mean Travel Time to Work in Minutes 2005*[1]
- *Percentage Carpooling to Travel to Work 2005*[1]
- *Percentage Using Public Transportation to Travel to Work 2005*[1]
- *Population Growth, 2001–2006*[1]
- *Average Home Appreciation — 5 years through 2007*[1]
- *Number of Days Rated "Unhealthy" or "Unhealthy for Sensitive Groups" 2006*

[1] *U.S. Census Bureau, American Community Quarter 1 Survey*

Discussion

The Gulf Coast region's cost of living is quite competitive, even compared to other Sunbelt cities. The mean travel time in our area remains mediocre, but there is good news in that the percentage of commuters using public transportation or carpooling has increased since the last report card. Our population growth is among the highest in the nation and behind only the Dallas-Fort Worth region in our comparison group.

Improving the Grade

The success of regional economic development efforts is directly affected by the degree to which people perceive the region as a good place to work and live. The Board adds its knowledge of the local labor market to discussions concerning transportation, housing policy, and other urban planning.

EXPLANATION OF THE INDICATORS

Industrial Diversity is a measure of the extent to which an area is insulated from a sharp downturn in one of its top industries. The measure looks at 14 different industrial sectors, separates the top three based on total employment, and then calculates the total employment distribution of the remaining sectors. This last calculation is the score for the area. A higher number indicates more diversity, and is desirable.

Rate of Job Growth measures the rate of increase in total employment over a decade. A higher number is desirable.

Total Job Growth measures the total job growth over a decade. This information is presented for information purposes only.

Venture Capital Per Capita measures the amount of venture capital investors have made in a metropolitan region divided

THE SUCCESS OF REGIONAL ECONOMIC DEVELOPMENT EFFORTS IS DIRECTLY AFFECTED BY THE DEGREE TO WHICH PEOPLE PERCEIVE THE REGION AS A GOOD PLACE TO WORK AND LIVE.

by the number of people in the region.

Percentage Growth in Business Establishments measures the rate of increase in total number of business establishments between 1998 and 2001. A higher number is desirable.

Percentage Managerial, Professional, and Technical Jobs identifies the percentage of all occupations that are classified as managerial, professional, and technical jobs, essentially "high-skill, white-collar jobs." This excludes occupations such as clerical positions, operators, and laborers. A higher number is desirable.

Percent Change in Unemployment Rate measures the change in unemployment. A positive number indicates an increase in unemployment; therefore a negative number is desirable.

Unemployment Rate is the rate of unemployment in 2006. A lower number is desirable.

Percent Not in the Labor Force, Age 16+ measures the degree to which the adult, working age population is "unattached" to the labor force. These are individuals not working and not looking for work. While this measure can include younger workers still in school, spouses of workers who choose not to work themselves, and retired workers, it can also measure "at-risk" populations that simply are not in the labor market but otherwise should be. A lower number is therefore desirable.

The Simpson Diversity Index is a measure of the likelihood that two individuals in the population will not be from the same racial or ethnic group. It is calculated using self-identified racial and ethnic data from the Census. The result is a number between zero and one, with a higher number indicating more diversity. A higher number is desirable.

The Foreign Born Percentage is an additional measure of diversity. A higher number is desirable.

The Balance Between Entry and Exiting Workforce represents the difference in the percentage of population age 15–24 and the population age 55–64. This measure allows for the identification of potential labor force imbalances. Given the job growth documented in the Industries and Employers section, a higher number is desirable.

PERCENTAGE GROWTH IN BUSINESS ESTABLISHMENTS MEASURES THE RATE OF INCREASE IN TOTAL NUMBER OF BUSINESS ESTABLISHMENTS BETWEEN 1998 AND 2001.

The Median Age shows the median age of the overall population in the community. It is provided for information purposes in relation to the change in median age and is not itself part of the report card scoring.

Change in Median Age, 2003–2005 represents the change in median age in the between 2003 and 2005. Scores closest to zero in absolute value received the highest scores.

Growth Alignment measures the alignment between job growth between 1996–2006 and labor force growth between 1996–2006 by Metropolitan Statistical Area. It is the difference between the percentage growth in jobs and the percentage growth in the labor force. A score close to 0 is best.

Occupational Alignment measures the average alignment in occupational clusters between jobs reported by employers (BLS) and jobs reported by people (U.S. Census.) This measure indicates to what degree the right workers with the right skills are available to employers seeking to fill particular jobs. A 1.0 would be a perfect alignment. A higher percentage is desirable.

Educational Attainment, Bachelor's or Higher represents the percentage of population age 25 and over that holds a Bachelor's Degree or higher as the highest level of educational attainment. A higher percentage is desirable.

Educational Attainment, Associate's or Higher represents the percentage of population age 25 and over that holds an Associate's degree or higher as the highest level of educational attainment. A higher percentage is desirable.

Percent Limited English Proficiency is the percentage of the population 5 and over that speaks a language other than English and does not speak English well. It is an indication of English literacy challenges. A lower percentage is desirable.

At-Risk Youth is the percent of youth ages 16–19 who have not graduated from high school and who are not enrolled in school and are unemployed or not in the labor force. This measure is a proxy for dropouts without skills to succeed in a competitive economy. A lower percentage is desirable.

Expenditure Per Student provides a basis of comparing the public investment in education for each metropolitan statistical area.

Ratio of 12th Graders to 9th Graders provides a "snapshot" proxy for high school dropouts. If all 9th graders completed high school, one would expect roughly equal numbers of 9th graders and 12th graders, with perhaps a 5% variation attributed to slightly lower or higher birth rates in a given year. The expected ratio would therefore be expected to be 0.95 to 1.05 for an education system that successfully retained high school students through 12th grade.

NAEP 4th Grade Reading measures reading proficiency, and comes from the National Assessment for Educational Progress results from 2005. The measure in the report card reflects the number of students who scored at least at the "basic proficiency" level, which is defined as "partial mastery of prerequisite knowledge and skills that are fundamental for proficient work" at the fourth grade level.

State Expenditure per Student Enrolled in Prekindergarten is a per capita measure of funding for children enrolled in state-funded prekindergarten.

Median Household Income is a basis for comparing relative earning power. A higher number is desirable.

Median Home Value is included as a measure of accumulated wealth on the part of owners. A higher number is desirable.

Percentage of Families with Single Female Parent is a measure of families at greater economic risk. A lower percentage is desirable.

Percent of Families in Poverty represents the percent of all family households living below the poverty threshold as defined by the U.S. Census. A lower percentage is desirable.

Percent of all Households Receiving Public Assistance represents those households that report receiving public assistance as a source of income during the year. Public assistance includes cash welfare payments and food stamps. A lower percentage is desirable.

Monthly Home Ownership Costs represent the percent of population spending at least 30% of their monthly income on home ownership costs. Ideally, very few people should be exceeding this threshold. A lower percentage is desirable.

Monthly Rental Housing Costs represent the percent of population spending at least 30% of their monthly income on rental housing costs. Ideally, very few people should be exceeding this threshold. A lower percentage is desirable.

Home Value to Annual Income represents the amount of years it would take the median annual income to pay for the median home value, if the owner chose to do nothing with the annual income but pay for the home. Economists suggest this figure should not exceed 2.5.

Mean Travel Time to Work in Minutes identifies the one-way commuting burden of commuters in the area. A lower number is desirable.

Percentage Carpooling to Travel to Work identifies the percentage of workers sharing rides to work. Along with the percentage using public transportation to travel to work, it provides a measure of an area's success in reducing "vehicle density." A higher percentage is desirable.

Percentage Using Public Transportation to Travel to Work identifies the percentage of workers using public transportation to get to work.

5 Year Population Growth compares the percent change in total population as an indication of an area's ability to attract and retain people. A higher percentage is desirable.

Average Home Appreciation by MSA through Quarter 1 of 2007, measures the percent appreciation in home value for the prior five years by Metropolitan Statistical Area. This measure demonstrates "cache" and accounts for the positive side of high costs of homes in the Cost of Living indicator. A higher percentage is desirable.

Number of Days Air Rated "Unhealthy" or "Unhealthy for Sensitive Groups" 2006 is calculated from Environmental Protection Agency measures of air quality. It reflects the number of days in a year reporting MSA reports air that is either unhealthy for sensitive groups (such as those with asthma) or is unhealthy for the general population.

SOURCE OF INFORMATION

- U.S. Department of Labor, Bureau of Labor Statistics Current Employment Statistics (CES) Survey
- U.S. Census Bureau
- U.S. Census Bureau, American Community Survey
- Calculated from American Community Survey Using Simpson Diversity Index
- Office of Federal Housing Enterprise Oversight

BEHIND THE GRADES

Industries and Employers

All of the metropolitan areas in the report card study continue to enjoy job growth significantly higher than that of the nation as a whole. San Diego leads the pack, increasing the number of jobs by over 29%. Denver trails the pack with less than 19% job growth.

Atlanta has the second highest growth in the number of business establishments, but has slipped in relative position in job growth rate. Dallas has the most diverse industry base. Miami and Atlanta trail the other areas in terms of industrial diversity.

Miami has the lowest rate of growth in the number of business establishments among the comparison cities. Miami also has the lowest venture capital investment per capita, although San Antonio is also well behind the competitor cities. San Diego, by contrast, is far ahead of all competitors in venture capital investment.

Labor Force and Knowledge Jobs

Houston is slightly above the national average in the number of managerial, professional, and technical jobs (knowledge jobs), but trails Atlanta, Dallas, Denver, and San Diego on this measure. The Gulf Coast's unemployment rate in 2006 was higher than the other metropolitan areas and the nation as a whole. Compared to 2005, however, its unemployment rate was improving faster than the nation and that of Atlanta, Dallas, San Antonio, and San Diego.

The Gulf Coast's diversity rating is better than both the national average and the diversity ratings of other cities, and the percentage of its population that is foreign-born is behind only those of San Diego and Miami.

Atlanta scored highest in this category based on a percentage of skilled workers, rapidly decreasing unemployment, and relatively low percentages of potential workers who are not part of the labor force. Denver's high scores in knowledge jobs and low percentage of people not in the labor force are offset by low diversity rating and low percentage of immigrants.

While Miami has relatively fewer high-skill jobs than most of the other cities or the nation as a whole, it scores higher on diversity and the percentage of people who were born outside the country. Miami has a very low unemployment rate and dropped dramatically from 2005 to 2006.

Like Miami, San Antonio has fewer knowledge jobs as a percentage of the overall jobs than the nation as a whole. Its unemployment rate is average relative to the nation, but lower than some in the comparison group. Its diversity is higher than the nation, but lower than most of the other regions.

Market Alignment

The Houston/Gulf Coast region appears to have the best alignment among our comparison cities of entering and exiting workers indicating the region will be able to supply a growing demand for workers. This demand is reflected in the job growth measure which is greater than the nation as a whole, and lags behind only Miami and San Antonio in the comparison group. The region's relatively high unemployment rate, however, provides a buffer to potential labor shortages in the near future. The region's occupational alignment is in the middle of the pack. One caution for the future — the Gulf Coast region is aging quicker than the nation as a whole as measured in the change in its median age.

THE HOUSTON/GULF COAST REGION APPEARS TO HAVE THE BEST ALIGNMENT AMONG OUR COMPARISON CITIES OF ENTERING AND EXITING WORKERS INDICATING THE REGION WILL BE ABLE TO SUPPLY A GROWING DEMAND FOR WORKERS.

San Antonio scores similarly well as Houston in the balance of the entering and exiting workforce. Its occupational alignment is the worst among the metropolitan areas.

Like San Antonio, Miami has a relatively poor occupational alignment. Its balance between entering and exiting potential workers is both the lowest among the cities studied and lower than the nation as a whole. Its job growth relative to the growth in the labor force is relatively high reflecting a possible labor shortage, and unlike the Gulf Coast region, this imbalance is not offset by a relatively high unemployment rate.

Atlanta has a relatively strong balance between entering and exiting workers, but its labor force growth is larger than its job growth. Its occupational alignment is slightly below the national average.

Denver's balance between the entering and exiting workforce is above the national average, but lower than many of the comparison areas. Its alignment between job growth and labor force growth is the best in the group as is its occupational alignment.

Dallas's alignment between job growth and labor force growth is strong, as is its occupational alignment. Its population is aging at a slower rate than many in the comparison group.

San Diego has a relatively strong balance between entering and exiting workers, and good occupational alignment. Its job growth alignment, however, indicates that there could be a shortage of workers in the future. Its median age is not changing, and its aging rate is thus the lowest in the group and well below the national average.

Education

Houston's educational achievement indicators are roughly middle-of-the-road among the comparison cities. However, its percentage of the population having at least an associate's degree has dropped below the national average. Its percentage of at risk youth is above the national average, and its limited English proficiency (LEP) score is high both relative to the comparison cities and to the nation as a whole. Its expenditure rate per student and ratio of 12th graders to 9th graders is also mediocre. Texas' reading scores, which are posted in the report card for Houston, Dallas, and San Antonio, coincide with the national average. Denver and Atlanta score well on the education achievement measures, and are the only regions in the comparison with LEP scores below 10%. Their ratio of 12th graders to 9th graders are relatively high.

HOUSTON'S EDUCATIONAL ACHIEVEMENT INDICATORS ARE ROUGHLY MIDDLE-OF-THE-ROAD AMONG THE COMPARISON CITIES.

San Diego has high educational achievement levels, low estimates for at-risk youth, and high spending per student. It also is the only region with a ratio of 12th graders to 9th graders that is higher than that of the nation as a whole. San Diego has a high

LEP rate. The NAEP reading score for California is also quite low, although the state measure may not fully reflect the San Diego reading achievements. Denver has the highest educational achievements and a good LEP score. Its at-risk youth score is slightly above the national average. Its expenditure per student and ratio of 12th graders to 9th graders are relatively strong. Colorado's reading scores are higher than those of the other states represented by the report card regions.

San Antonio has the lowest educational achievements and a LEP percentage that is above the national average. Its education expenditures and ratio of 12th graders to 9th graders are also mediocre.

Miami's education achievements are above the national average. It has a high LEP population, a low ratio of 12th to 9th grade enrollments, and low expenditures per student. Dallas has a relatively high LEP population, a large proportion of at-risk youth, and a relatively low ratio of 12th to 9th grade enrollments. Its slightly higher than average educational attainment rates do not sufficiently offset these negatives in the educational arena.

Income, Wealth, and Poverty

San Diego, Atlanta, and Denver all enjoy median household incomes above $50,000. They also all have poverty rates and public assistance receipt rates lower than the national average. Atlanta, however, has the highest rate of families with a single female parent, an indicator that serves as a proxy for families at greater risk of poverty. The San Diego and Denver regions are below the national average on this indicator.

Although the Gulf Coast's and Dallas' incomes are not as high as those of San Diego, Atlanta and Denver, they are still above the national average. Home values are below the national average. Houston's, San Antonio's, and Dallas' percentage of families in poverty are all above the national average. Dallas and Houston have rates of households receiving public assistance below the national average, while San Antonio's is slightly above the national rate. All three Texas regions have higher than average rates of families with a single female parent.

While Miami has a median home value well above average, this asset is more than offset by having the highest rate for families receiving public assistance. Its median family income is the lowest in the region.

San Antonio's home value is the lowest among the cities. Its poverty rate is high and its median income is second to that of Miami. Like most of the other regions sampled, its rate of families with a single female parent is also above the national average.

Places to Live and Work

San Antonio has the lowest cost

of renting and home ownership in the sample, although the Houston region's cost of home ownership is also below the national average.

San Antonio has the only average commute below the national average of 25.1 minutes.

The Texas Gulf Coast's commute indicators are above the national average, but its carpooling measure is better than those of the other comparison regions. Its population growth is the second strongest among the areas studied.

The Dallas area is very similar to the Gulf Coast region on the Places to Live and Work Measures — it had a shorter commute time but scored lower on commute-related indicators. It was slightly behind the Gulf Coast region on home appreciation, but had the strongest population growth.

Atlanta and Denver have relatively high housing cost measures. Atlanta's commute time is the worst in the areas studied, while the Denver area had the lowest home appreciation rate.

Miami has housing costs above the national average and high commute times. Its growth indicators are mediocre, but its home appreciation value is the highest among the cities. San Diego has high housing costs, including a home value to income ration that approaches three times the national average. Its commute indicators are moderate by comparison to other cities, but worse than the national averages. Its growth indicators are the lowest in the sample, but the San Diego region has the second highest home appreciation rate among the sample cities.

THE TEXAS GULF COAST'S COMMUTE INDICATORS ARE ABOVE THE NATIONAL AVERAGE, BUT ITS CARPOOLING MEASURE IS BETTER THAN THOSE OF THE OTHER COMPARISON REGIONS.

This Report Card format was adapted from a model by the Coporation for Skilled Workforce (c) 2003.

TEXAS WORKFORCE SOLUTIONS

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Workforce Report Card

PROPOSED MEASURE	INDICATORS	Houston/ Gulf Coast	Atlanta	Dallas/Fort Worth	Denver	Miami	San Antonio	San Diego	USA
Total Population		**5,539,949**	5,138,223	6,003,967	2,927,911	5.463,857	1,942,217	2,941,454	299,398,484
Industries and Employers	Industrial Diversity 2006	**50.7%**	47.3%	51.4%	50.4%	47.8%	50.6%	49.8%	51.5%
	Rate of Job Growth 1996–2006	**23.4%**	21.7%	22.7%	18.8%	24.2%	23.2%	29.2%	13.8%
	Total Job Growth 1996–2006	**464,300**	428,100	529,200	230,100	470,600	153,000	293,700	16,466,000
	Venture Capital Investment Per Capita 2006	$45.48	$86.38	$102.48	$238.82	$9.76	$16.41	$437.53	
	% Growth in Business Establishments 1998–2001	**3.6%**	6.5%	4.0%	5.4%	1.0%	1.9%	7.2%	2.2%
		B	B	B	B	C	C	A	
Labor Force and Knowledge Jobs	%Managerial, Professional and Technical Jobs 2005	**34.1%**	37.4%	35.1%	39.6%	31.8%	33.4%	39.5%	34.1%
	% Change in Unemployment Rate 2005–2006	**-12.5%**	-11.5%	-7.7%	-15.4%	-14.6%	-8.0%	-7.0%	-9.8%
	Unemployment Rate 2006	**4.9%**	4.6%	4.8%	4.4%	3.5%	4.6%	4.0%	4.6%
	% Not in Labor Force 2006	**34.3%**	29.4%	30.6%	28.2%	42.5%	36.5%	35.0%	36.1%
	Simpson Index of Racial and Ethnic Diversity 2005	**0.67**	0.59	0.62	0.48	0.66	0.57	0.63	0.52
	Foreign Born 2005	**20.11%**	12.69%	17.74%	12.08%	36.55%	11.47%	23.36%	12.38%
		B	A	B	B	B	B	B	
Market Alignment	Balance Between Entering and Exiting Workforce 2005	**5.09%**	3.83%	4.80%	3.60%	2.21%	5.13%	4.71%	3.03%
	Median Age 2005	**32.9**	34.1	32.9	34.4	38.6	33.8	34.4	36.4
	Change in Med. Age by Years 2003–2005	**0.6**	0.6	0.3	0.3	1.2	0.7	0	0.4
	Growth Alignment–Job Growth-Labor Force Growth 2006	**4.1%**	-7.7%	1.9%	-1.4%	5.1%	4.3%	6.6%	0.7%
	Occupational Alignment–2005	**85.9%**	85.0%	87.4%	89.2%	84.9%	82.3%	88.6%	88.8%
		B	B	A	A	B	B	A	
Education	Educational Attainment, Bachelor's or Higher 2005	**27.83%**	34.32%	29.97%	38.04%	27.54%	24.20%	33.99%	27.19%
	Educational Attainment, Assoc. or Higher 2005	**33.61%**	40.67%	36.41%	45.35%	35.66%	31.17%	42.04%	34.57%
	% Limited English Proficiency 2005	**17.39%**	7.50%	14.21%	9.17%	22.51%	13.40%	16.12%	8.63%
	% At-Risk Youth 2005	**4.63%**	5.35%	4.92%	4.45%	4.12%	4.36%	2.58%	4.36%
	Expenditure by Student 2001–2002	**$6,619**	$7,601	$6,474	$6,977	$6,282	$6,805	$7,485	$7,727
	Ratio of 12th Graders to 9th Graders 2001–2002	**0.58**	0.60	0.58	0.69	0.55	0.64	0.76	0.72
	NAEP 4th Grade Reading - % at or above Basic 2005	64%	58%	64%	69%	65%	64%	50%	64%
		C	A	C	A	C	C	A	
Income, Wealth, and Poverty	Median Household Income 2005	**$46,705**	$54,066	$49,740	$54,736	$43,091	$43,263	$56,335	$46,242
	Median Home Value (owner occupied) 2005	**$123,400**	$177,200	$133,900	$246,074	$250,000	$97,200	$552,000	$167,500
	% of Fam. Households with Single Female Parent 2005	**11.83%**	12.79%	11.76%	9.82%	12.63%	12.30%	10.32%	11.33%
	% of Families in Poverty 2005	**13.40%**	9.00%	10.30%	7.38%	11.30%	13.30%	8%	10.20%
	% of Households Receiving Public Assistance 2005	**8.42%**	6.49%	6.95%	4.83%	10.46%	9.76%	3.77%	8.83%
		B	B	B	A	C	B	A	
Places to Live and Work									
Cost of Living, Housing	Monthly Home Ownership Cost 2005	**27.77%**	29.58%	29.28%	32.60%	42.76%	22.66%	41.32%	28.32%
	Monthly Rental Cost 2005	**47.91%**	46.13%	45.77%	48.44%	57.49%	44.15%	54.85%	45.68%
	Home Value to Annual Income 2005	**2.64**	3.28	2.69	4.50	5.80	2.25	9.80	3.62
Travel to Work	Mean Travel to Work (Minutes) 2005	**28.1**	31.1	26.5	25.1	28.5	24.9	25.2	25.1
	% Using Public Transportation	**2.76%**	3.32%	1.52%	3.72%	3.57%	2.12%	2.94%	4.66%
	% Carpooling	**12.79%**	10.72%	11.65%	9.20%	10.37%	11.84%	10.93%	10.67%
Growth Indicators	Population Growth 2001–2006	**13.90%**	15.82%	12.15%	7.82%	6.74%	11.24%	2.7%	4.97%
	Average Home Appreciation 5 years through Q1 2007	**26.38%**	23.56%	17.61%	14.44%	131.30%	38.56%	83.48%	53.53%
	Number of Days Air Rated "Unhealthy" or "Unhealthy for Sensitive Groups" 2006	17	4	5	2	0	4	17	NA
		B	B	B	B	C	B	C	

NOTES

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